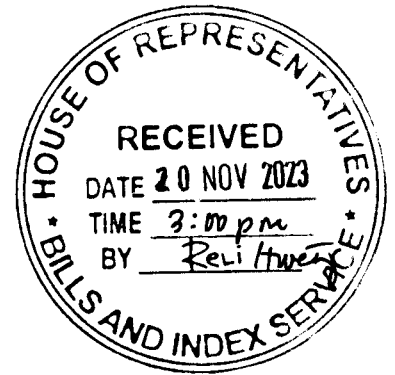




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Nineteenth Congress
Second Regular Session

HOUSE BILL NO. 9574



Introduced by Representative Margarita “Atty. Migs” B. Nograles

EXPLANATORY NOTE

This bill seeks to further amend Republic Act (“RA”) No. 11697 or the Electric Vehicle Industry Development Act (“EVIDA”). EVIDA is a law enacted to promote and accelerate the development, manufacturing, utilization, and commercialization of electric vehicles (“EV”) in the country. EVIDA recognizes the importance of EVs in reducing dependence on fossil fuels, mitigating climate change, and promoting sustainable transportation options.

By enacting the EVIDA, the Philippines aims to create an enabling environment for the growth of the EV industry, increase the adoption of EVs, and contribute to sustainable development and environmental conservation.

In general perspective, worldwide automotive industry is experiencing a significant innovation as countries strive to reduce carbon emissions and combat environmental challenges. EVs have emerged as a hopeful solution to achieve these goals, and they demonstrate a crucial role in promoting sustainable mobility.

Under the 2022 Updates to the Philippine Energy Plan 2020-2040, motorcycles are identified to largely contribute to the total projected number of EVs on the roads by 2040 under the Clean Energy Scenario of 10% EV share to total number of vehicles. Moreover, the 2020 study conducted by the Asian Development Bank reveals the global trend in motorcycle usage showing Asia as having the greatest number of registered motorcycles. In the Philippines, the number of motorcycles per 1,000 population is about half of the vehicles per the same number of people, and motorcycle sales are projected to continuously grow in the next few years.

Despite the huge share of two-wheeled electric vehicles vis-à-vis four wheeled electric vehicles in the market, the current tariff structure imposes higher upfront costs on electric two-wheelers, making them less economically attractive to consumers compared to conventional gasoline-powered two-wheelers. This situation creates a significant barrier to the growth of the electric vehicle industry, impeding environmental sustainability efforts and hindering the transition to clean transportation.

The proposed amendment to the Electric Vehicle Industry Act aims to achieve the following objectives:

First, Temporary Decrease of the Most Favored Nation (“MFN”) Tariff Rates. — The amendment pursues to introduce a temporary reduction in the MFN tariff rates for all electric vehicles. Lowering the tariff burden enhances the affordability and competitiveness of electric vehicles, more particularly two-wheelers, making them a more attractive option for consumers. The temporary nature of this reduction recognizes the need to provide immediate support to the industry while allowing for a reassessment of tariff rates in the future.

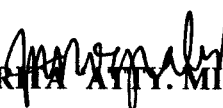
Second, Call for Zero Percent MFN Tariff Rate. — In addition to the temporary reduction, the amendment proposes the demand for a zero percent MFN tariff rate on two-wheeled electric vehicles for the next five years. This striving measure aims to eradicate tariff-related barriers entirely, signaling a strong commitment to promoting the growth of the electric vehicle market. By demanding a zero percent MFN tariff rate, the amendment aligns with global efforts to incentivize the adoption of clean and sustainable transportation.

With regard to the benefits and impact, the proposed amendment aims to briefly reduce tariff rates, demands a zero percent MFN tariff rate for two-wheeled electric vehicles and expects to yield several significant benefits:

First, this affects market stimulus and industry growth. Lower tariff rates and a zero percent MFN tariff rate incentivizes consumers to choose electric two-wheelers over conventional vehicles, leading to increased market demand. This, in turn, stimulates investment in the electric vehicle industry, promotes the establishment of manufacturing facilities, creates employment opportunities, and drives technological advancements.

Lastly, environmental sustainability. The accelerated adoption of two-wheeled electric vehicles contributes to a reduction in greenhouse gas emissions.

Approval of the measure, then, is earnestly sought for my colleagues.


MARGARITA ATTY. MIGS B. NOGRALES



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AN ACT AMENDING ELECTRIC VEHICLE INDUSTRY DEVELOPMENT ACT

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. SECTION 4. OF CHAPTER I OF REPUBLIC ACT. NO. 11697, OTHERWISE KNOWN AS “ELECTRIC VEHICLE INDUSTRY DEVELOPMENT ACT” IS HEREBY AMENDED TO READ AS FOLLOWS:

(k) Electric Vehicle (EV) refers to a two-wheeled or four-wheeled vehicle or such other vehicles with at least one (1) electric drive for vehicle propulsion. For purposes of this Act, it includes a BEV, hybrid-electric vehicle, and plug-in hybrid-electric vehicle;

SECTION 2. SECTION 24. OF CHAPTER IV OF REPUBLIC ACT. NO. 11697, OTHERWISE KNOWN AS “ELECTRIC VEHICLE INDUSTRY DEVELOPMENT ACT” IS HEREBY AMENDED TO READ AS FOLLOWS:

xxx

(b) Importation

The importation of completely built units of EVs shall be entitled to the incentives under Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion (TRAIN)”: *Provided, That in the case of imported electric jeepneys and electric tricycles, the Department of Finance, upon recommendation of the DTI, may suspend the*

exemption in order to protect local manufacturers. Provided further, That all EVs shall enjoy the Zero Percent Most Favored Nation (MFN) Tariff Rate for a period of five (5) years from the date of effectivity of this Act.

The importation of completely built units of charging stations shall be exempt from the payment of duties for eight (8) years from the effectivity of this Act.

The importation of capital equipment and components used in the manufacture or assembly of EVs and construction or installation of charging stations shall undergo an evaluation process to determine their inclusion in the strategic investment priority plan and possible entitlement to the incentives and for the length of time as provided under the Omnibus Investments Code of 1987, as amended, Title XIII of the National Internal Revenue Code of 1997, as amended, and other applicable laws.

xxx

SECTION 3. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within ninety (90) days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 4. REPEATING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 6. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,